

## **Formula Development and Product Manufacturing Agreement**

This Formula Development and Product Manufacturing Agreement (“Agreement”) is entered into effective the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Silver Shadow Ventures, LLC dba CBD Oil Manufacturing/IHL/Silver Shadow (“Silver Shadow”), located at 510 W 9460 S, Sandy Utah 84070, and \_\_\_\_\_, located at \_\_\_\_\_, hereafter known as ‘Client’.

Recitals:

Whereas Silver Shadow is in the business of developing and manufacturing liquids, capsules, and other CBD, pet, Edible, and body care products; and

Whereas Client seeks to develop and market a new ingestible, pet, or body care product; and Whereas Silver Shadow has extensive expertise in developing and manufacturing new formulas to private label specification; and

Whereas the parties wish to enter into an agreement for Silver Shadow to provide development and production services for one or more of Client’s products;

Therefore, the parties intending to be legally bound for and in consideration of the mutual promises hereinafter set forth, it is agreed by and between the parties as follows:

### **ARTICLE 1 – DEFINITIONS**

Unless the context otherwise requires, capitalized terms used herein shall have the meaning ascribed to them below:

1. Formula: The list amount, ratio, and order of ingredients, along with techniques used to produce a CBD products, pet, or body care product.
2. Experiment: Silver Shadow’s attempt to create a Formula approved by the Client.
3. Product: The final expression of a Formula, as approved by the Client, not including packaging or labels.
4. Satisfied: The Client is Satisfied and shall be deemed to have approved a Formula if the Client:
  - a. So states in writing.
  - b. Does not request more experiments without explicitly stating that it is unsatisfied with the latest experiment, or
  - c. Uses the Formula, or a significantly similar substitute, to produce any product.

### **ARTICLE 2 – DEVELOPMENT OF A FORMULA**

1. For each Product that the Client wishes to develop, the Client shall explain how it expects its Formula to be unique as a product in the marketplace. Client shall send to Silver Shadow a written description

substantially in the form of Appendix A attached below, identifying, among other things, the ingredient(s), scent(s), or other feature(s) that will be unique to the Product.

2. Silver Shadow will endeavor to develop a Formula approved by the Client.
3. The parties contemplate an iterative process, including one or more sets of Experiments.
4. Experiments will be conducted at Silver Shadow's factory. Experiments will be performed in a manner to produce samples that share the characteristics of the desired final Product as closely as possible. Client acknowledges that Experiments may not scale up perfectly.
5. Each set of Experiments will consist of up to three different Formulas working towards the Product.

### **Price List For Custom Formulations**

#### Option 1: Client Formulations - \$200.00 per hour w/2 hour min

Percentages **and** mixing procedures provided by Client. Shipping cost for samples to be paid by Client.

#### Option 2: New Formulations- Silver Shadow Owns – \$1500 per formula

Samples shipped UPS ground, Alternative shipping to be paid by client, International clients may incur some shipping costs (to be determined by country).

The order Must meet Company minimums

#### Option 3: New Formulations-Client Owns– \$1500 per formula

\$5,000.00 Up Front to own the formulation

The order Must meet Company Minimums of 1000 Bottles per SKU

Shipping: UPS ground, International clients may incur shipping costs (to be determined by country).

6. During experimentation Silver Shadow will provide its own stocked ingredients. Special or exotic materials shall be provided by the Client.
  - a. The Client must appropriately label provided samples and ingredients.
7. Each Experiment will create two identical samples, one for each party to this Agreement.
  - a. All rights to the experimental Formula belong to Silver Shadow.
  - b. Excess material from any Experiment is the property of Silver Shadow.
8. Experiment samples of products will be sent to Client within approximately six to ten weeks after the request payment is received by Silver Shadow.
9. Approval of a Formula and the resulting Product is the exclusive right of Silver Shadow.

10. If the Client is not satisfied with a Formula for a proposed Product, it is under no obligation to continue experimenting, and it can end its engagement with Silver Shadow with respect to that proposed Product at any time.

a. A Formula shall be deemed “not approved” (i) upon notice to that effect from the Client, or (ii) if the client ceases to communicate with Silver Shadow with respect to that Formula for more than 60 days. In either case, the parties’ engagement with respect to that Formula and the proposed Product shall terminate.

b. Silver Shadow shall hold all manufacturing and ownership rights to any Formula that is not approved by the Client, and Client shall refrain from using the rejected Formula in any way.

11. If the Client approves a Formula, the Formula shall be owned by the Client; however, Silver Shadow shall have a license for the use of the Formula. Thereafter, the parties shall be bound to each other as hereinafter provided with respect to the use of the Formula and the manufacture and sale of the resulting Product.

### **ARTICLE 3 – RIGHTS OF THE PARTIES WITH RESPECT TO APPROVED FORMULAS AND PRODUCTS**

1. Subject to the other provisions of this Article 3:

a. The Client shall enjoy exclusive marketing rights for the Product, but shall not share the Formula with, or attempt to authorize the manufacture of the Product by, any third person; nor shall it manufacture the Product itself.

b. Silver Shadow shall enjoy exclusive manufacturing rights for the Product, but shall not share the Formula with any third party, manufacture the Product for any third party, attempt to market the Product for its own account, or use the Formula for any other product.

2. The exclusive aspect of Client’s marketing rights for any Product shall terminate if:

a. With respect to a given Product, Client does not stay current on invoices and falls into arrears for more than 180 days.

b. With respect to all Products, Client becomes insolvent or a petition for bankruptcy is filed by or against it.

3. In the event the exclusive aspect of Client’s marketing rights shall terminate as provided above, Silver Shadow’s license to use the applicable Product(s) shall become irrevocable and unlimited, and Silver Shadow shall be entitled to further license the Formula and/or manufacture and market the Product(s) for its own account and/or for third persons.

4. Silver Shadow exclusive manufacturing rights and license shall terminate if:

a. With respect to all Product(s), Silver Shadow becomes insolvent or a petition for bankruptcy is filed by or against it.

### **ARTICLE 4 – PRODUCTION STIPULATIONS**

1. Client shall be responsible for shelf stability, as Experiments are only proof of concept. Silver Shadow will advise as to its prior experience, if any, with similar products.

2. The Product must have a container that complies with applicable regulatory requirements.
  - a. Silver Shadow will use its experience to work with the Client to select an appropriate container for the Product.
  - b. The Client can provide its own container, subject to Silver Shadow 's approval after testing the container to make sure it will be useable under factory conditions.
3. The Product must have a legally viable label, including regulated product claims if the Client chooses to make organic or otherwise regulated claims about the Product.
  - a. Silver Shadow will offer its advice and experience in this process, but client shall assume responsibility for compliance.
4. Client is responsible for purchasing its own labels.
  - a. Silver Shadow offers its advice and experience in this endeavor.
5. The Client has final approval of its labels; however Silver Shadow, in order to protect itself, may decline to use any label it knows to be a violation of any regulatory requirements.

#### **ARTICLE 5 – GENERAL AND MISCELLANEOUS**

1. This Agreement supersedes all previous written or oral agreements. In the event of any conflict between the provisions of this Agreement and a provision of any concurrent oral agreement, this Agreement shall control and govern.
2. Failure to exercise right created by this Agreement in any one instance shall not waive that right in any other instance nor affect any other right.
3. If any provision of this Agreement is found to be unenforceable, the balance of this Agreement shall not be affected and shall remain enforceable to the greatest extent possible.
4. Signers warrant that they have full legal authority to execute this Agreement.
5. Notwithstanding any law of any jurisdiction pertaining to conflict of laws, this Agreement shall be governed by and interpreted in accordance with laws of the State of Vermont. Jurisdiction shall lie exclusively with the Utah Superior Court, with exclusive venue in Addison Unit. The parties consent to the personal jurisdiction of Utah Superior Court.
6. Nothing herein precludes resolution of any dispute informally, by mediation, or by binding arbitration, provided that the parties so agree in the circumstances. However, in the event of an inability to agree or in the event that any such effort proves fruitless, this Agreement may be enforced by any remedy available at law or in equity, and the prevailing party shall be entitled to recover its costs and expenses reasonably incurred therein including, without limitation, reasonable attorney fees.

IN WITNESS WHEREOF, the parties have caused this Agreement to be subscribed by their respective authorized agents.

Silver Shadow Ventures, LLC dba CBD Oil Manufacturer/IHL/Silver Shadow

By Marc Normandeau, CTO and authorized agent

Client: \_\_\_\_\_

By \_\_\_\_\_

Its authorized agent (please print)

Signature: \_\_\_\_\_